

DEPARTMENT OF BENEFIT PAYMENTS

744 P Street, Sacramento, CA 95814



June 30, 1976

ALL-COUNTY LETTER NO. 76-92

TO: ALL COUNTY WELFARE DIRECTORS
WELFARE FISCAL SUPERVISORS
COUNTY AUDITORS
ADMINISTRATIVE SERVICES OFFICERS

SUBJECT: COUNTY WELFARE DEPARTMENT ADMINISTRATIVE EXPENSE CLAIM

REFERENCE:

This is to provide claiming instructions and clarifying information for the April-June quarter. Included are claiming instructions for EDP, Food Stamp Quality Control, WIN, AFDC Medical Examinations, and County Counsel. Information is also provided on Homemaker funding, the Fiscal Year 1976-77 WIN allocation formula, the Emergency Loan Program, the Educational Training Service (ETS) Program, prior year/quarter adjustments, procedures for ordering county welfare department administrative expense claiming forms and a brief summary of the new federal fiscal year. In addition, the DFA 327.9 has been revised to show which programs are advanced or cash claimed.

Federal Fiscal Year

The Federal Government is changing their fiscal year effective with the December 1976 quarter. This means that there will be a transition quarter from July 1, 1976 through September 30, 1976, followed by the federal fiscal year which will run from October 1, 1976 through September 30, 1977. The federal fiscal year will not change any county reporting procedures, and will have little impact on the local level. The fiscal year quarters are broken out below:

Transition Quarter

July 1, 1976 - September 30, 1976

Federal Fiscal Year 1976-77

October 1, 1976 - December 31, 1976

January 1, 1977 - March 31, 1977

April 1, 1977 - June 30, 1977

July 1, 1977 - September 30, 1977

First quarter

Second quarter

Third quarter

Fourth quarter

EDP Claiming Instructions

The most extensive revision to claiming instructions covers EDP expenditures. A new claim Form DFA 325.1A has been developed to identify expenditures for EDP development and improvement projects. The purpose of this form is to satisfy the Fiscal Year 1975-76 Budget Item 291 mandate requiring an accounting system to separately identify and control developmental projects, and to assure proper funding from the programs benefited by the EDP developmental projects.

Project account numbers will be assigned by DBP's County EDP Systems Bureau to all EDP analysis, design, programming, or implementation efforts, directed for use in the administration of public welfare programs, which require prior approval according to Circular Letter 2580. All such projects with assigned account numbers, regardless of dollar amount, are to be claimed on the DFA 325.1A according to instructions provided by Financial Planning Bureau. DBP's Claims Audit and Control Bureau will control expenditures claimed by individual developmental projects to the amounts approved by County EDP. The DFA 325.1A has been designed to record EDP development costs and project account numbers under the following categories:

1. Multifunctional - allocable

Multifunctional costs are those development and improvement costs not solely identifiable to a specific function such as services, eligibility, or child support. An example would be costs for reprogramming a central index or picking up a new system.

2. Social Services - nonallocable

Social services nonallocable costs are those development and improvement costs specifically identified as benefiting social services programs such as the development of a social services reporting system.

3. Eligibility - nonallocable

Eligibility nonallocable costs are those development and improvement costs identifiable as benefiting only eligibility and grant maintenance programs.

4. Child Support - nonallocable

Child Support nonallocable costs are those development and improvement costs identifiable as benefiting only the Child Support Program such as a program to record Child Support payments and fiscal distribution.

The DFA 325.1, Group II, has been revised to reflect the above breakout of EDP development and improvement project costs and to also provide for claiming EDP maintenance and operational costs. These costs have been broken down between Allocable, DFA 325.1 Group II D, and Nonallocable, DFA 325.1 Group II E.

Development and improvement project costs for EDP functions may not be included on the County Welfare Department Administrative Expense Claim as part of the A-87 Exhibit of Costs. To receive reimbursement these costs are to be deleted from the exhibit of cost and shown as a direct or memo billed item.

All EDP developmental costs shown on the DFA 325.1, Group II, D, Line 2b, and Group II, E, Lines 1, 2, and 3 must be direct or memo billed. Only EDP operational and maintenance costs are claimable to welfare through the A-87 Exhibit of Costs. EDP costs should be entered on the DFA 325.1, Group II, D and E as follows:

1. Group II, D1 - Enter EDP maintenance and operational costs allocated through the countywide A-87 cost plan.
2. Group II, D, 2a - Enter EDP maintenance and operational costs direct or memo billed to the county welfare department by other agencies.
3. Group II, D, 2b - Enter total costs from the DFA 325.1A, Line 1, Multifunctional - allocable.
4. Group II, E, 1 - Enter total costs from the DFA 325.1A, Line 2, Social Services - nonallocable.
5. Group II, E, 2 - Enter total costs from the DFA 325.1A, Line 3, Eligibility - nonallocable.
6. Group II, E, 3 - Enter total costs from the DFA 325.1A, Line 4, Child Support - nonallocable.

EDP development and improvement costs will be allowed only up to the amount approved for each project by the Department of Benefit Payment's County EDP Bureau. All EDP costs claimed will also be subject to each county's allocation ceiling for services and eligibility.

Food Stamp Quality Control

As stated in All-County Letter No. 76-48, the Food Stamp Quality Control review functions were assumed by the Department of Benefit Payments on January 1, 1976. Counties will receive no funding for this function after March 31, 1976. Any costs incurred by counties for this function after that date will receive no federal or state funds. Therefore, Quality Control, Non-assistance Food Stamps, has been deleted on the DFA 327.2, 327.4 Modification C-Food Stamps, 327.7, and 327.9.

Nonassistance Food Stamp Program Time Study Instructions

There have been some questions raised by counties about whether a reapplication in NAFS should be time studied as intake, or continuing. FS Manual Section 63-9431 (DFA 296 - Monthly Statistical Report), Part C (Subsequent Certifications), defines "subsequent certifications", for reporting purposes, as recertifications for those households currently receiving food stamp benefits and who will be recertified for continuing participation without a break in benefits. Recertifications without a break in benefits should be time studied as NAFS continuing (Line G-2 on the DFA 43). New applications or reapplications after a break in benefits should be time studied as NAFS intake (Line G-1 on the DFA 43).

AFDC Staff Development

On the DFA 327.2, Line A, Column 6 has been divided into two lines. On the upper line enter the accumulated costs for the AFDC Program from the DFA 325.2, Group III, B. On the lower line, enter costs for Staff Development, Eligibility/Non-service, AFDC, from the DFA 325.2A, Group VIII, D, Column 5, Line B.

Footnote 5 on the DFA 327.2 has been changed to indicate that AFDC Staff Development costs entered on Line A, Column 6, should also be included in the total for Column 6.

DFA 327.3 Part III - WIN

This is to further clarify the WIN modification, DFA 327.3, Part III.

1. Line A should reflect costs for WIN Child Care purchased services carried forward from the DFA 325.3, Group III, A2 or A3.
2. Line B should reflect only the direct charged salaries for SAU staff co-located at EDD which are carried forward from the DFA 325.3, Group III, A1.
3. Line C should reflect salaries and overhead for SAU staff located at the CWD which are carried forward from the DFA 327.1, Column 8, Line H, and from which direct WIN Program costs in Column 6, Line H, have been deducted.
4. Line D has now been revised to allow for reporting WIN purchased services other than WIN Child Care. These costs should first be entered on the DFA 325.3, Group III, A2 or A3, and identified to types of services provided, i.e., counseling (if purchased), family planning, employment related medical and remedial care and selected vocational rehabilitation services when these services are not available through other program sources such as Medi-Cal or the Department of Rehabilitation. Costs claimed on Line D, Other Purchased Services, will be funded from the county's WIN-SAU social services allocation as will costs from Line B, Salaries for SAU Staff Co-located at EDD and Line C, Salaries and Overhead for SAU Staff located at CWD. These expenditures are reimbursed at 90 percent federal, 10 percent county. The federal share of WIN Child Care costs will be funded from the county's WIN Child Care allocation. The state share is paid from state funds up to the budgetary limitations. Child care is reimbursed 90 percent federal, 6.75 percent state, 3.25 percent county.
5. Line F should include costs for medical examinations to determine if an AFDC-FC, or U parent is exempt from registering for WIN. This is a direct charge item and should be first recorded on the DFA 325.3, Group III, A2, before including these costs in this line. Costs for these WIN exemption examinations are reimbursed 100 percent from Department of Labor funds.

Effective April 1, 1976, AFDC-U WIN exemption examinations are eligible for 100 percent reimbursement. This is the result of federal clarification in response to DBP's inquiry as to the allowability of these costs.

Further clarification on WIN exemption medical examinations is included below under the part titled, "AFDC Medical Examinations."

AFDC Medical Examinations

Questions from the counties indicate a need to clarify instructions concerning claiming costs of AFDC medical examinations on the county administrative expense claim. There are two types of AFDC medical examinations. They are (1) AFDC eligibility examinations, and (2) AFDC-FG or U WIN exemption examinations.

1. AFDC eligibility examinations are those examinations necessary to establish eligibility for AFDC based on a parent's incapacity or pregnancy of a mother.

Costs for these examinations are to be claimed on the DFA 325.2, Group III, B3, as an eligibility and nonservice function. These costs are to be labeled "AFDC Exams".

2. WIN exemption examinations are those examinations necessary to determine if an AFDC-FG or U recipient is exempt from registering for WIN based on incapacity. The costs for these WIN medical examinations must be claimed on the DFA 325.3, Group III, A2, Purchase of Services. These costs are to be labeled "WIN Exemption Exams". Counties should have been claiming in this manner effective with the October-December 1975 quarter. Please make all appropriate claiming adjustments on the June quarter claim.

WIN Allocation Formula

At this time we do not have a Fiscal Year 1976-77 WIN allocation. We have been verbally assured that the allocation for the July-September transitional quarter will be about \$2.7 million, with at least an additional \$9 million for the four quarters of the new fiscal year. We will probably have to allocate the WIN funds to the counties for only the transitional quarter, followed by an allocation for the federal fiscal year depending on when we receive firm allocations from Department of Health, Education and Welfare (DHEW).

Assuming that a separate appropriation will be made for the transitional quarter, an allocation for the September 1976 quarter will be released in early July. An allocation for the December, March, June, and September quarters covering the new federal fiscal year from October 1, 1976 through September 30, 1977, will be released as soon as California's appropriation is known. At that time, it is our intention to make an initial fiscal year allocation, and provide the counties with the WIN allocation formula and the data base used to calculate each allocation.

We are considering using some of the following factors in the WIN allocation formula for 1976-77 federal fiscal year: past expenditures, number of certified recipients, number of WIN registrants, WIN savings, and the number of WIN services provided per Separate Administrative Unit (SAU) worker.

When the initial allocation for 1976-77 Fiscal Year is made, counties will have appropriate response time to evaluate their allocation, make any corrections to the data base, and submit requests for revised allocations. Revised allocations for the fiscal year will then be made in the March 1977 quarter.

County Counsel Costs

DHEW has agreed to provide reimbursement for County Counsel costs required in the administration of welfare programs. These County Counsel costs may be claimed effective with the June 1976 quarter administrative expense claim. We are pursuing a beginning date for retroactive federal financial participation with the grantor agencies, and will notify the counties when such a date is established. In the meantime, only those costs which pertain to the June 1976 quarter, as determined on a cash flow basis, may be claimed.

DOH has not formulated a funding policy regarding County Counsel costs for the Title XX Program. This means there is a possibility that funding will not be available for County Counsel costs pertaining to that program.

Therefore, County Counsel costs related to welfare operations are to be shown on the DFA 325.1 under Group II, C, Allocable Support Costs, Purchase of Services and identified separately from their costs entered on this same line. Please identify the total amount of County Counsel costs that are included on the DFA 325.1, Group II, on lines C1 and C2, Purchase of Services, by entering the County Counsel costs on the dotted lines prior to including them in the consolidated amount entered in the expenditures column. It should be noted that County Counsel costs related to the Adoptions Program were previously claimed as Group III, Direct Costs. These costs should now be claimed as Group II, Allocable Costs, not as Group III, Direct Costs. Thus, all County Counsel costs are to be reflected in the A-87 plan and those eligible for federal or state participation may be claimed as allocable costs in the county A-87 Exhibit of Costs and/or as a direct or memo billed item. County Counsel costs related to welfare department operations are only allowable when the costs represent legal expenses required in the administration of grant programs. Costs attributable to the County Counsel acting in a legal capacity as attorney for the county, either as a plaintiff or defendant in court cases, are not allowable costs since the County Counsel is deemed to be performing normal county business.

Some examples of the types of County Counsel activities related to welfare operations that are allowable include: (a) activities relating to personnel matters (e.g., grievance/terminations); (b) interpretation/opinion of laws and regulations; (c) preparation/approval of contracts; (d) guardianship proceedings; (e) proceedings to remove a child from his home (because of abuse, neglect, etc.); and (f) filing of judgments for collections.

Those counties without a County Counsel may claim similar District Attorney costs relative to welfare operations.

We realize it may be difficult for the county welfare departments to separate allowable from unallowable County Counsel costs, and we are pursuing further clarification from DHEW on this matter. In addition, we will be meeting with the State Controller's office to coordinate future A-87 plan preparation with County Counsel reimbursement procedures. The State Controller's Office is planning to release additional material in the near future.

Educational Training Service Program

The new title for the Education Training Service Program (ETS) is now Employment Education Training (EET). Please identify all costs claimed for this program by this new title effective with the April-June 1976 quarter. There is no change in program funding or in claiming procedures due to this change.

DFA 327.9. Total Expenditures Fund Distribution Report

In response to a number of questions from the counties regarding which funds are advanced or cash claimed, the DFA 327.9 has been revised to provide this information. All program costs are now arranged on the DFA 327.9 according to method of payment, i.e., advance, cash, cash and advance, or other. Title XX social service programs are all advanced. Therefore, all Title XX program costs are entered on one line. The SSI/SSP line includes SSI/SSP Out of Home Care social service costs and SSI/SSP eligibility costs since both are cash payments and 100 percent federally funded. All other program line items are self-explanatory.

Homemaker Funding

Many counties have inquired about the recent Legislative Counsel's decision regarding state funding for assessment and evaluation costs of the Homemaker Program. It is our understanding that some counties have initiated procedures to record time spent by social workers for this assessment activity to the Homemaker Program. Time study and claiming procedures have not been changed. Any internal county recording of this assessment time is not to interfere with the quarterly time study process under which Homemaker assessment and evaluation time is charged against the county's Other Social Service allocation and is funded 75 percent federal, 25 percent county.

Emergency Loan Program

This is to further clarify claiming instructions provided in All-County Letter 76-76 regarding reimbursement for costs of the Emergency Loan Program. Allowable salaries of eligibility staff working on the Emergency Loan Program as determined by the Eligibility Time Study, DFA 43, are eligible for 100 percent state financial participation (SFP). In addition, the associated support costs are reimbursable. These include but are not limited to: clerical support, administrative support, space, utilities, supplies, travel, and purchases of services (public and private). Purchases of services may include A-87, direct billed, or memo billed costs from other county service agencies such as County Auditor's Office, Central Collections Department, County EDP Center, etc. All the above support costs are allocated on the Administrative Expense Claim according to the time study of the county welfare department casework staff.

In addition, as a result of the County of Los Angeles et al v. Mario Obledo et al Superior Court decision, other identifiable costs of the Emergency Loan Program, previously not reimbursable, are now eligible for 100 percent SFP. These costs, which may be billed by other county operating agencies such as the Sheriff's or Marshall's Offices and direct charged only to the Emergency Loan Program on the DFA 325.2, include:

1. Costs for travel in the service of execution of a process or notice, if greater than \$2.
2. Costs for official services for a levy of writs of attachment or execution.
3. Costs of court reporters.

The above costs may be claimed retroactive to July 1, 1975. These costs must be computed according to the guidelines of FMC 74-4 (A-87) and claimed according to the Fiscal Manual Chapter 25-800. Indirect cost rate proposals supporting the billing rates of these agencies must also be submitted.

Prior Period Adjustments on the Administrative Expenditures Claim

Listed below are current claiming instructions for filing prior period adjustments. It is hoped this information will decrease the county workload associated with this process.

Prior Quarter Adjustments

Prior quarter adjustments are adjustments to quarterly claims within a current fiscal year. Unless otherwise instructed by DBP, counties may adjust prior quarter claims in any subsequent quarter of the same fiscal year. Those costs being added or deleted in order to correct a prior quarter claim should be shown as a separate amount and identified as such.

Prior Fiscal Year Adjustment

Costs for all amounts being adjusted on the DFA 325.1, 325.2, and 325.3 must be broken out by fiscal year. However, only the consolidated total of those costs need be allocated through the claim or entered on the direct charge portion of the claim. Only the amount being added or deleted to previously claimed totals should be included in the adjustment. It is not necessary to identify those costs by quarter. One claim for the entire fiscal year is sufficient. If the claim covers more than one quarter, use the June time study. For example, if the claim is for the March and June quarters, use the June quarter time study.

Prior Year adjustments are to be filed on the following formats.

1. All adjustments for periods prior to July 1, 1972, should be filed on the June 30, 1972, format using the claiming instructions, time study ratios and salary pools applicable to that quarter as an allocation basis.

2. Adjustments for Fiscal Year 1972-73 should be filed on the June 1973 claim format using the claiming instructions, time study ratios and salary pools applicable to that quarter as an allocation basis.
3. Adjustments for Fiscal Year 1973-74 should be filed on the June 1974 claim format using the claiming instructions and time study ratios applicable to that quarter as an allocation basis.
4. Adjustments for the first quarter of the Fiscal Year 1974-75 should be filed on the claim format effective September 30, 1974. The last three quarters of Fiscal Year 1974-75 should be filed on the June 1975 claim format using the claiming instructions and time study ratios applicable to that quarter as an allocation basis.
5. Adjustments for 1975-76 Fiscal Year should be filed on the June 1976 claim format using the claiming instructions and time study ratios applicable to that quarter as an allocation basis.

Adjustments Affecting Time Study Ratios

If the adjustment is the result of a change in the time study ratios, a corrected claim must be submitted for each quarter affected. The claiming format, claiming instructions, and salary pools applicable to that quarter as an allocation base must be used.

Adjustments of A-87 Countywide Costs

We are currently considering various methods of handling adjustments to A-87 overhead costs as a result of a correction to the countywide cost allocation plan. Counties will be notified of the proposed procedures as soon as they are finalized.

Limitations on Claiming

1. Time Limitations - If the expenditure did not require DBP prior approval, it must be claimed within one year from the end of the quarter in which it should have been claimed. If prior DBP approval is required, the expenditure may be claimed from the beginning of the quarter in which written notice to DBP of intent to claim is given providing the costs are then claimed within one year of that notice of intent. Adjustments cannot be made for any period not falling into the current year and two preceding fiscal years. However, State Controller Field Audit periods cover five years prior to the current year and Federal Audit periods cover three years prior to the current year. Therefore adjustments as a result of audits do not fall into the three-year limitation.
2. Funding - Prior year expenditures are applied against prior year appropriations. If the prior year appropriation is closed-ended, the counties will receive reimbursement until that appropriation is exhausted or reverts. At such time as the appropriation is exhausted or reverted, reimbursement will be available only upon approval by Board of Control. Unused state funds revert at the

end of three years. Costs claimed against periods for which state funds have reverted are sent to the Board of Control for permission to be paid from current funds. If current funds are not available, these costs may be submitted to the State Legislature in the form of an omnibus bill for approval. DBP is responsible for submitting the omnibus bill to the legislature.

Ordering Administrative Claim Forms

When counties need old administrative claim forms that are not currently in use, the counties should order these claim forms from:

Department of Benefit Payments
744 P Street
Sacramento, CA 95814
Attention: Claims Audit and Control
Mail Station 19-15

Counties should order current administrative claim forms from:

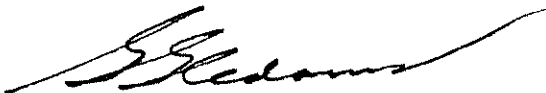
Department of Benefit Payments Warehouse
6150 27th Street
Sacramento, CA 95822

The following forms are to be used to complete the June 1975/76 quarter claims. New or revised forms are noted by an asterisk. Copies will be forwarded to the counties by DBP.

| <u>Form</u> | <u>Date</u> | <u>Form</u> | <u>Date</u> |
|-------------|-------------|-------------|-------------|
| DFA 47 | 10/75 | DFA 327.4* | 6/76 |
| DFA 323 | 12/75 | DFA 327.5 | 10/75 |
| DFA 325.1* | 6/76 | DFA 327.6* | 6/76 |
| DFA 325.1A* | 6/76 | DFA 327.7* | 6/76 |
| DFA 325.2 | 7/75 | DFA 327.8 | 10/75 |
| DFA 325.2A* | 6/76 | DFA 327.9* | 6/76 |
| DFA 325.3 | 10/75 | DFA 394 | 10/75 |
| DFA 327.1* | 6/76 | DFA 396 | 10/75 |
| DFA 327.2* | 6/76 | DFA 403 | 10/75 |
| DFA 327.3* | 6/76 | DFA 419 | 9/75 |

Should you have any questions concerning this letter, please contact Laura Williams, Ernie Van Sant, or Chris Gray at (916) 445-7046.

Sincerely,



GARY G. ADAMS
Deputy Director

cc: CWDA